

E*KNOW-NET Newsletter No. 2, July 2003

The E*KNOW-NET Newsletter is a free quarterly publication targeted to those interested in the field of knowledge and intangibles management and reporting, either from an academic or a professional perspective.

E*KNOW-NET ("A European Research Arena on Intangibles") is a research network funded by the EU Commission under the STRATA program. It is being developed by researchers from nine European countries with the support of a wide range of institutions including private sector corporations, industrial associations, accounting standard-setting bodies, consulting firms and international organizations.

<http://www.eu-know.net>

Please visit our website for more information on E*KNOW-NET. Among other things, the site provides detailed information on a wide range of research centers working on intangibles worldwide, and a knowledge library where you can download research papers and other documents.

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EDITORIAL

The European Commission is attempting to develop an integrated understanding of how a knowledge-based society can promote the societal objectives of the EU set at the Lisbon summit. These objectives represent a formidable challenge for both research and policy. In order to meet the ambitious objectives, the Commission emphasises the importance of understanding and addressing very diverse and specific issues and sectors, and at the same time identify instruments for tackling the relations between them. The following points have been taken from various recent publications from the European Commission all with a clear focus and message: a push from the European Commission for research on intangibles and intellectual capital.

There is a belief that Information Society Technologies (IST) are the key underlying technologies for easier and efficient knowledge creation, sharing and exploitation. As a result of this, the adoption of IST applications and services in all economic and public sectors and in society as a whole is an important objective of the Commission. However, it is simultaneously emphasised that the development of technology needs to be in parallel with investments in the "soft" dimension of the organisations and the society, on the development of the intellectual capital and the knowledge or learning organisation. That is, any attempt to promote the wider adoption of IST applications needs to consider how technology integrates with human skills and working spaces to create value.

To find the combination of technology and skills that makes an organisation, region or country unique, a critical mass of researchers and practitioners in the socio-economic and IST area is needed. Thus, the Commission also stresses the need to enable networking, and to build partnerships and alliances. Like E*KNOW-NET has done, it is important for any new research proposals to demonstrate how they will build a

network of all institutions directly involved in the production, sharing and trading of knowledge: public and private institutions, producers and users of knowledge, stakeholders, financial analysts, policy makers, standard setters, market regulators, IST producers, etc. Furthermore, research is encouraged to explore how these partnerships can be further developed, in order to ensure a more effective use of the knowledge generated.

In recent documents SMEs remain a focal point of discussion and recommendations coming from the Commission. It is stated that there is room for progress in increasing the awareness of intellectual capital in companies, especially SMEs, and of the benefits and ways of integrating research and innovation into their business strategy and management. This awareness can be raised by the education system and also by new methods of financial reporting. Within the curricula of business schools the Commission suggests that more attention should be paid to an integrated approach to R&D management within the overall business strategy. Similarly, it is suggested that by creating more transparency in financial reporting about the role of investment in research and other forms of intellectual capital will also lead to a better understanding of value creation within companies and provide a better basis for decision-making for managers and investors.

Another clear objective and a large focus area for the Commission is to produce a process theory and a set of tools and models to understand and promote the transformation into knowledge-based organisations and to encourage corporate measuring and reporting on research and other forms of intellectual capital, both internally and externally. There has been a huge amount of encouragement towards the design of new formal models, methods and languages for knowledge representation and the development and inclusion of state-of-the-art R&D management modules into science, engineering and

business schools curricula. An example of this could be seen through new business reporting languages such as EXBL (extensible business reporting language). Specifically, tools must focus on defining the key-components of the knowledge economy and to improve the use and quality of existing data in this field; to improve concepts and frameworks for measurement and to stimulate the production of pertinent and comparable indicators in this area; to encourage innovative uses of existing data; to enhance the articulation between indicators of the different levels and dimensions of the knowledge-based economy. Furthermore, it has been stated to set up an industrial research monitoring activity, including a scoreboard, to analyse trends and facilitate benchmarking of research investment and research management practices between firms, building on experience in Member States.

As can be seen the voice of the Commission is both exciting and encouraging. And so it is with the 2010 objectives in sight that we look forward to extending our network and experience and continuing our research on intangibles and intellectual capital.

BEST-PRACTICES

SYSTEMATIC
software engineering

Systematic Software Engineering: reporting on knowledge

Systematic Software Engineering (Systematic) is a Danish software house that develops and sells technical system solutions, products and support primarily to ministries of defence but also increasingly to industry, as well as transport and service companies. Systematic was founded in 1985 and in the last three years has grown rapidly from 130 employees in 1999 to 320 in 2003 including subsidiaries in the UK and USA. In 2001/2002 the annual sales amounted to 25 million euro. It is the stated aim of Systematic to develop its core business areas from primarily being a supplier of defence systems to increasingly becoming a supplier also to civilian markets. In recent years there has been a steady increase in the proportion of civil contracts with Electronic Patient Journals and electronic trade and security systems being the core business areas.

The first steps towards publishing an intellectual capital statement were taken in 1998 at the same time as efforts were also made towards process improvements in software development. As a major achievement the company was in 2002 certified at level 3 according to the Capability Maturity Model (CMM) – an American model developed to systematically improve software development processes – and it is still investing heavily in this area where e.g. more than 9000 engineering hours were spent on enhancing efficiency and improving internal processes in the last

six months. It is the stated aim to obtain the level 4 certification in 2004, which will bring the company into the absolute European elite since only 10 European companies meet such documented quality and maturity standards.

Systematic intellectual capital report is concerned with management's efforts to influence the structure of the firm's knowledge resources. It is not about the value in monetary terms of the firm's intellectual capital, but more about its management's efforts to develop knowledge resources. Systematic management sees the intellectual capital statement as an alternative to the traditional annual report, and most symbolically at the end of the intellectual capital statement, the reader will find a two-page version of the annual financial statement. In this way the financial statement is presented as a supplement to the intellectual capital statement, and compared with the financial statement, the intellectual capital statement is a colourful and an expressive form of communication.

Systematic wants to be amongst the best in its fields of operation. This puts increased emphasis on continuous improvements and innovation, which must be achieved without losing sight of the day-to-day business. As an example of the projects carried out by this firm, Systematic was in March 2002 awarded a contract for more than € 16m for the delivery of a Mission Planning System that will form an essential part of the future NATO-wide Air Command and Control System (ACCS). The order was received after more than four years of sales effort. The firm explicitly state that one of the reasons that they won the contract was due to its extensive capability in knowledge management. This achievement emphasises the need to maintain focus on knowledge management.

The intellectual capital report

Following the Danish guideline for intellectual capital reporting, Systematic identified four managerial challenges within knowledge management:

- Partnership with customers

- Software process improvement
- Recruitment and retention of employees
- Competence development

With software process improvement being the connecting thread. The four management challenges are described in substantial details in intellectual capital report and we will here as an illustration only briefly mention the first, i.e. Partnerships with customers, because it accentuates how most of the Danish intellectual capital reports are designed with the creation of use value in focus.

User requirements are seldom adequately defined to be used for the system requirement specification, which is the foundation for the system architecture, design, coding and test activities. Systematic have adopted a number of procedures, techniques and ways-of-working in order to manage the critical interface between the firm and the users of the solutions provided by the firms, i.e. the user oriented knowledge management activities.

Systematic has e.g. chosen to employ a number of (non-software engineering) specialists who have many years of experience in the fields of defence and healthcare. These employees contribute to the project teams by providing expertise that can bridge the gap between the customer/end-users and the systems engineers. Furthermore, they provide motivation to both parties in the process of creating an effective solution. Customers – and preferably end users as well – are actively involved throughout the development process at human computer interaction workshops, development of prototypes, planning of test scenarios and in project and steering group meetings etc.

Furthermore, in order to increase the engineers' understanding of customer and end user environments, Systematic have implemented a project to 'Meet the Customer'. The objective is that all employees meet and preferably visit a relevant customer or end-user at least once by the end of 2002, e.g. spending a day in a hospital ward, at an operational command unit etc. Employees from Systematic regularly also participate in

national and international conferences and seminars where trends, look for new opportunities can be observed. Focus on Customer Satisfaction is, like in many other firms, also seen as vital ability to create value for the customers and, as a result, generate new sales opportunities. Every second year, Systematic carry out a survey of customers' satisfaction with project and consulting assignments. The survey is conducted by independent consultants in the form of interviews with key customer contacts.

Today, Systematic has published three intellectual capital statements. These reports illuminate, through indicators as well as corresponding text and illustrations, certain aspects of customer-relations, employee development and customer- and employee-satisfaction, the effectiveness of processes, and certain form of innovation in areas of product development and process improvement.



Visit

<http://www.systematic.dk/UK/Welcome.htm>

for more information on Systematic. The most recent intellectual capital statement can be downloaded from

<http://www.systematic.dk/include/download/ICR/ICR2002.pdf>. See further case material on Systematic at <http://www.pnbukh.com>

By BDO professor Per Nikolaj Bukh, Aarhus School of Business, Denmark.

PROFILE



The Centre for Business Performance at Cranfield School of Management

Cranfield School of Management is a world-class university business school based in the UK, renowned for its strong links with industry and business. The Centre for Business Performance (CBP) is one of the research centers in the School of Management and is recognised as a leading research center in the area of performance measurement and management. The research in CBP revolves around 3 major streams of which the **measurement and management of intellectual capital** is one.

Research in CBP is funded by the European Commission, research councils, as well as private industry, CBP chairs the **Performance Measurement Association (PMA)** - a global network for those interested in the theory and practice of performance measurement and management, is a partner in the **E*KNOW-NET** project, and runs Roundtables as forums for managers to learn and engage in research. Roundtables allow the Center to engage organisations in the debate and research which in turn enables CBP to produce not only academically rigorous but also practically relevant research.

The leading researcher in the intellectual capital (IC) stream is **Bernard Marr**, a

research fellow at Cranfield School of Management and a visiting professor of intellectual capital and knowledge management at the University of Basilicata, Italy. This year the PMA launched the **PMA Intellectual Capital Group** chaired by Bernard Marr. The group includes leading thinkers such as David Teece, Robert Grant, Baruch Lev, Max Boisot, Hubert Saint-Onge, Göran Roos, Karl-Erik Sveiby among many others. The aim of this group is to facilitate cross-disciplinary dialogue in order to further the discussion on theories about measuring and managing IC.

CBP's current research on IC includes various projects led by **Göran Roos** who is a visiting professor at the Centre, studies on the reporting of IC conducted by **Dina Gray**, various projects on the management of knowledge assets conducted by **Gianni Schiuma**, as well as various projects on managing IC managed by Bernard Marr involving numerous companies including Shell, DHL, and CIMA (Chartered Institute of Management Accountants).

The close involvement with industry leaders allows researchers in the CBP to get a feel for the real needs and issues of organisations. At the last roundtable meeting members discussed the management of intangible assets in Boots (the UK chemist chain) and how intangibles drive performance in Fujitsu. Fujitsu recently took part in a CBP research project, led by Bernard Marr, on how the management of intellectual capital drives performance in call centres. This debate sparked much interest in the area of improving the management of call centres.

The constant dialogue with firms indicates that many organisations are currently interested in 'measuring' the impact of their intangibles on overall performance and value creation. In order to address this important issue several of the roundtable member firms have engaged in research projects with the CBP. One of the firms is Shell where the CBP conducts a longitudinal study on how Shell's intellectual capital indicators

impact other performance areas such as customer satisfaction, employee satisfaction, as well as financial results. A substantial amount of performance measurement data in all of Shell's performance areas collected over 5 years in more than 120 countries around the world allows researchers to statistically analyse relationships using structural equations modelling.

This type of engagement with practitioners allows Mode II type research that adds real business value to organisations and at the same time gives researchers important access to organisations as well as opportunities for hands on action research projects. Organisations appreciate the rigor of the academic approach, the use of appropriate research methods, as well as the theoretical grounding of any findings.

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- Marr, B., Starovic, D. (2003) Understanding Corporate Value: managing and reporting intellectual capital, CIMA, London
A report that summarises the latest thinking, tools and techniques to measure, manage, and report intellectual capital.
- Marr, B., Gray, D. Neely, A. (2003) "Why do firms measure Intellectual Capital", *Journal of Intellectual Capital*, Vol 4 No 4 (forthcoming)
A research paper reporting the findings of a systematic literature review of the field in order to determine the key reasons for organisations to measure their IC as well as to establish the level of empirical testing of each of these reasons to deliver business benefits.
- Marr, B., Gupta, O., Roos, G., Pike, S. (2003) Intellectual Capital and Knowledge Management

Effectiveness, *Management Decision*, (forthcoming)

An empirical research paper linking intellectual capital management and knowledge management. The paper finds that organizational epistemology seems to have an impact on knowledge management effectiveness. This means different KM tools work or do not work depending on the predominant epistemology in the organizations.

- Neely, A., Marr, B, Roos, G, Pike, S., Gupta, O. Towards 3rd Generation Performance Measurement, *Controlling*, Vol 3/4 , pp. 61-68
A paper that looks at the evolution of tools to measure IC. Scorecard tools are seen as 1st Generation tools, even though valuable they are not able to adequately illustrate linkages between measures, 2nd Generation tools address the issue of linkages in e.g. strategy maps, 3rd Generation model will build on the others but link intangibles into cash-flow generation.
- Marr, B. Schiuma, G., Neely, A. (2003) Intellectual Capital - Defining Key Performance Indicators for Organisational Knowledge Assets, *Business Process Management Journal*, Vol. 10 No 4
An empirical case study paper which identifies way to identify and define the strategically most important performance measures for intellectual capital and knowledge assets.
- Marr, B, Schiuma, G., Neely, A. (2002) Assessing strategic knowledge assets in eBusiness, *Int J. of Business Performance Management*, Vol. 4 No 2-4, pp 279-295
An empirical paper based on a series of case studies in order to identify the a classification of knowledge assets.
- Carlucci, D., Marr, B. Schiuma, G. (2003) The Knowledge Value Chain - How KM impacts BP?, *International Journal of Innovation and Learning*, (forthcoming)
A theoretical paper which demonstrates the link between the effective management of knowledge and improved business performance.

LAUNCH OF NEW WEBSITE



Since the E*Know-Net web site (www.eu-know.net) was launched, it has received an increasing number of visits from researchers and practitioners who have an interest in knowledge management and intangibles. Throughout this time, we have worked towards identifying possible improvements to make the web site more attractive to potential users. We have also received feedback and suggestions from the evaluators of E*Know-Net that were designated by the EU Commission.

Combining those insights for improvement with an assessment of our resources and capabilities, the site has been completely redesigned, with some profound changes having been made to its concept and structure. The most visible change has been that of the home page, which has been developed from its old layout structure to a new Portal. The new design is much more attractive and easier to navigate. It is now a lot easier for the user to find the desired information. More importantly, the content of the website has been significantly enriched, with a special focus towards practitioners.

Home page: The new portal design gives users a wider range of options and is easier to navigate, using the comprehensive options bar on the left hand side.

The new homepage demonstrates the huge increase in content including additions such as case studies, tools, links, news & events and highlights. The configuration of the home page is

determined by user type and thus we can now offer more tailored options.



Tools for IC Management: This is a new section of the website that contains descriptions of some of the tools and methods for managing knowledge, intangibles and intellectual capital (Balanced Scorecard, Meritum, DATI etc...), with links to the corresponding documents within the Knowledge Library as well as to other web sites.



Case Studies: Another new section containing cases from a wide range of companies from different backgrounds with the possibility of downloading the full document in pdf format.



Knowledge Library: All the papers presented in the Conference The Transparent Enterprise. The Value of Intangibles (Madrid, November 2002) have now been included in the Knowledge Library, upon authorisation from the authors. Other new documents have also been included as our main focus has been on increasing the amount and quality of the content in this particular section of the site. The

Knowledge Library now holds over 100 documents. To help you sift through all the new information, we now have a fast and effective advanced search tool that will help you find exactly what you are looking for.



News section: This section has been enriched and is being constantly updated with new news items and is a great way to keep yourself informed on the latest publications, conferences etc. News items appear as a scroll option on the home page and again as a separate page which is accessible from the left hand side options bar on the homepage.

Join Us section: We now boast 235 registered research centres and 108 registered practitioners (as of June 17, 2003).

If you would like to contact us in order to solve a problem, make a suggestion or submit some requested information please email us at euknow-admin@eu-know.net We look forward to having you online with us!

NEWS & EVENTS

Symposium "On a European Research Arena on Intangibles" presented at the 26th Annual Congress of the EAA, Seville, Spain, April 4-6, 2003.

Find out about the Danish IC statements experiment; The Italian Financial analysts association and the DG-Enterprise study; the European Investment Bank's appraisal work; and valuing and reporting IC in HERO's and RTD Organisations. Speakers include professors Per-Nikolaj Bukh (Aarhus School of Business, Denmark), Stefano Zambon (Ferrara University, Italy), Hanno Roberts (Norwegian School of Management), Jean-Jacques Mertens (European Investment Bank, Luxembourg) and Campbell Warden (Astrophysical Institute of the Canary Islands / European Association of Research Managers and Administrators).

Special Issue in International Journal of Learning and Intellectual Capital: Call for papers

This special issue invites conceptual and empirical papers, including detailed case studies that address the topic of organisational capital. Guest editor will be Dr Ahmed Bounfour, University of Marne La Vallée, East-Paris, France. Deadline for submission of full papers is 1st September 2003. Submission instructions can be found at www.inderscience.com/catalogue/L/ijlic/ijlic.html

SEGERA Project and Website

The SEGERA project is aiming to move forward and develop a second generation research agenda on systems of innovation. All papers from May 8-9, 2003, conference now available to be downloaded from website. (www.segera.ruc.dk)

EuroScience Open Forum 2004 Stockholm, August 25 - 28

The forum will attract participants from the whole of Europe, and is the first of its kind. It will provide a unique insight into European science and a forum for open dialogue in science and its role in shaping a society based on knowledge. Scientists from the whole of Europe have taken the initiative to create ESOF2004. Highlighting Science, Technology, and Innovation in Europe.

PRISM Conference on the Management and Measurement of intangibles, Cass Business School, City of London, July 4, 2003

The conference is entitled "Accountability, Competitiveness and Productivity: Understanding and communicating the role and value of intangibles in 21st Century organizations". http://www.euintangibles.net/news/news_html?newsid=19&from=http://www.euintangibles.net

American Accounting Association Annual Meeting August 3-6, Honolulu, Hawaii.

Accepted for presentation at the Annual Congress of the American Accounting Association: Cañibano, L. and P. Sánchez (2003) "Measurement, Management and Reporting on Intangibles: State of the Art". Online pre-registration for the 2003 Annual Meeting is now in progress for AAA members. The deadline for pre-registration is June 23, 2003.

Nordica Project, Measuring and Reporting Intellectual Capital, PriceWaterHouseCoopers, Iceland.

Started in November 2000, the Nordica project is made up of 5 Icelandic companies. It aims to facilitate cooperation between Nordic companies in exchanging information about reporting on Intellectual Capital.

Special issue of the Journal of Intellectual Capital, June 2003.

This special issue edited by Paloma Sánchez, Ulf Johanson, Per Nikolaj Bukh and James Guthrie comprises of seven main papers and three commentaries that were originally part of the International conference titled "The Transparent Enterprise. The Value of Intangibles" held at the Autonomous University of Madrid, on November 25-26, 2002. This conference was organized by E*KNOW-NET, under the auspices of the OECD and the Spanish Ministries of Economy and of Science and Technology. The main aim of the conference was to act as an exchange platform for different practices, research initiatives and policies with regard to the management, measurement and disclosure of information on intangibles, both at national and firm level worldwide. **Sánchez, P., Johanson, U., Bukh, P.N. and Guthrie, J (Guest Editors), "The Transparent Enterprise. The Value of Intangibles", special issue, Journal of Intellectual Capital, Vol. 4, No. 4, 2003.**

PUBLICATIONS

'Study on the Measurement of Intangible Assets and Associated Reporting Practices' DG Enterprise 2003, EU.

The study builds on previous work undertaken for DG Enterprise (Expert Group Report: "The intangible economy: impact and policy issues", 2001) and takes account of the many recent developments in the field. It was financed and prepared for the use of the European Commission, Enterprise Directorate General. It does not necessarily represent the Commission's official position.

'Information and Communication Technologies in Teacher Education: A Planning Guide', Evgueni Khvilon & Mariana Patru, 2002, UNESCO.

This guide is designed to help teacher educators, administrators, and policymakers integrate ICTs into teacher education. The document details the prerequisites for successful technology integration and provides a framework for strategic planning. It also identifies important strategies for managing change in the teacher education program. Case studies illustrate different approaches for integrating ICTs into teacher education.

'Understanding corporate value : managing and reporting intellectual capital', Danka Starovic & Bernard Marr, 2003, Chartered Institute of Management Accountants.

This report defines IC in detail and confronts measurement and valuation in a clear and systematic fashion. It continues to look at IC in terms of Knowledge management and summarises the latest tools and techniques for measuring and reporting IC.

'Learning Through Knowledge management', Pervaiz Ahmed, 2003, Butterworth-Heinemann.

Unites related thinking in popular areas of Knowledge management and Organisational Learning, including original case studies. This is a great introduction to the behavioural side of Knowledge management.

'The Future of Knowledge, Increasing Prosperity Through Value Networks', Verna Allee, 2003, Butterworth-Heinemann.

Charts the future of value creation in business and provides the next step in creating a framework and a tool to manage intangible assets to build high performance in the knowledge based economy.

'The Management of Intangibles, The Organisation's Most Valuable Assets', Ahmed Bounfour, 2003, Routledge.

This comprehensive volume provides an integrated and original approach to intangible resource management and an evaluation of their contribution to the establishment of competitive advantage in the market place.

'Disclosure of IC indicators in Danish IPO Prospectus' Bukh, P.N.; C. Nielsen; P. Gormsen and J. Mouritsen, 2002, Presented at "The Transparent Enterprise. The Value of Intangibles" and published in E*Know-Net Knowledge Library.

This paper, shows the similarities between IPO prospectuses and intellectual capital statements. The information on intellectual capital provided in IPO prospectuses in Denmark and Spain is compared in order to assess and compare the status of intellectual capital reporting in two countries. The results indicate that even though Denmark is generally considered as having an advanced practice with

respect to IC reporting, the difference between the two prospectuses is not substantial.

'Pillars of Connectivity - The Continuous Drama of Assessing Large issues when Deciding on Lesser ones.' Skaret, M & K.J. Breunig, 2002, Presented at "The Transparent Enterprise. The Value of Intangibles" and published in E*Know-Net Knowledge Library.

In this paper the authors present a conceptual framework on how to facilitate knowledge based value creation and reinforce new business opportunities emerging from learning in daily work. They claim that it represents a promising approach to create an enduring agenda for non-financial issues in management of both research institutions and knowledge based firms.

NOTE:

The following 7 papers and 3 commentaries will be published in the forthcoming special issue of Sánchez, P., Johanson, U. Bukh, P.N. and Guthrie, J (Guest Editors) (2003), "The Transparent Enterprise. The Value of Intangibles", special issue, Journal of Intellectual Capital, Vol. 4, No. 4, 2003.

"Why do firms measure their intellectual capital?" Marr, B., Gray, D. and Neely, A., 2003.

Based on a review of the research in the field of IC measurement, this paper provides theoretical rationales of why firms measure IC and existing empirical evidence that tests, and helps to prove the theoretical assertion that the measurement of IC is valuable. The paper provides a taxonomy of drivers as to why organizations measure their IC and discusses whether the extant research lends any credence to the thesis that measuring IC delivers business benefits.

'Value relevant information on corporate intangibles - creation, use, and barriers in capital markets - 'between a rock and a hard place' Holland, J. and Johanson, U., 2003.

The aim of this paper is to investigate systematic problems within capital markets concerning the use of information on corporate intangibles. Their paper concludes that there is a strong demand for corporate IC information by fund managers and analysts. However, it also outlines the significant difficulties that market participants face in meeting this demand. With the IC related capital market 'information crisis' in mind, the authors attempt to provide insight into the barriers and difficulty faced on both the supply and demand side.

'Visualizing value creation through the management control of intangibles', Skoog, M., 2003.

The paper investigates the management control system features of importance for organizations in comprehending and allocating attention to their value creation. He outlines that the role of intangibles is increasingly being understood as imperative to an organization's value creation process. In order to analyze an organization's ability to understand, and focus on, their value creation, Skoog uses the case study of the Swedish bank and investigates their management control system within the context of IC information.

'Mapping stakeholder perceptions for a third sector organization', Fletcher, A., Guthrie, J. Steane, P. Roos, G. and S Pike, 2003.

The subject of this study is the Australian Red Cross Blood Service (ARCBS), and through careful examination, the authors aim to better understand the value that ARCBS holds for its diverse stakeholder groups. They report on the perceptions of stakeholders through the creation of a value hierarchy

which consists of nine Key Performance Areas (KPA's).

'Does culture matter in the management of intangibles? A comparative analysis between Sweden and Spain', Chaminade, C. and Johanson U., 2003.

This paper aims at putting culture on the agenda when discussing and working with IC reporting and IC management. The authors claim that culture might affect the assumptions of knowledge as well as the creation and the adoption of new knowledge. Thereby culture may determine the emergence of IC management and reporting. However, they find no national cultural differences with respect to the development of IC management and reporting.

'Italian annual Intellectual Capital Disclosure: an empirical analysis' Bozzolan, S., Favotto, F. and Ricceri, F., 2003.

This paper presents an empirical analysis of Intellectual Capital Disclosure by analysing the annual reports of a number of Italian listed companies. The study aims to answer the following two questions: i) what is the amount and content of ICD in the annual reports of the Italian listed companies?; and, ii) what are the factors that can explain the observed differences in voluntary disclosure patterns? The paper also compares the observed ICD of Italian listed companies with the results of a study conducted by Guthrie and Petty (2002) which uses the same methodology to analyze the ICD of Australian companies.

'Accounting for the Employee in the Intellectual Capital Statement' Thorbjørnsen, S. and Mouritsen, J., 2003.

This paper compares the use of competence measurements at three Danish companies: Danish Competition Authority, Andersen Management

International, and Dansk International Efteruddannelse. By examining the technologies of managing employed by these three companies, the paper highlights the difficulties faced when accounting for, and managing, the individual. Whilst examining current practices into the accounting for the employee, they also question how and whether is it possible to manage the individual? As the individual's innermost feelings, sentiments and tacit knowledge remain elusive, is the management of knowledge then possible? Furthermore, is the IC statement a positive means to move this management process ahead?

'Research and knowledge interaction: Guidelines for intellectual capital reporting: a note' Bukh, P. and Johanson, U., 2003.

This commentary discusses the differences and similarities between the two guidelines developed by the Meritum research project (Meritum 2001) and the Danish Ministry of Science Research, Technology and Innovation (DATI 2000; DMSTI 2003). The aim of these guidelines is to develop a new language which can assist external parties in understanding intangibles. Furthermore, the guidelines aim to help firms in the management and reporting of intellectual capital. The guidelines describe how to identify a company's knowledge management strategy, including the identification of its objectives, initiatives and results in the formation, application and development of the company's knowledge resources.

'A fresh perspective on the knowledge value-chain and its policy challenges: a note' Eustace, C., 2003.

This commentary presents a new perspective on the knowledge value-chain by reporting the results of the PRISM research initiative. PRISM involves eight academic institutions in seven European countries and is supported by an advisory council of

experts from the business community. The results of the PRISM study highlight some of the challenges faced by the European policy community.

'Final remarks: E*Know-Net Conference, Madrid 2002: a note' García-Ayuso, M., 2003.

This commentary of the conference presents a brief summary of the most relevant aspects of our current knowledge on intangibles and suggests some directions for future research on the intangible determinants of the value of companies and for the improvement of management practices and policy making. He argues that in order to move forward in the field of intangibles the following steps are key: researchers, business companies and policy makers should commit to the improvement of the accounting model; researchers should provide a means to measure benefits arising from an intangible investment; researchers and policy makers must be committed to the development of SMEs; governments and regulatory bodies must be strongly committed to the improvement corporate governance mechanisms; the integration and uniting of all projects on Intellectual Capital Disclosure.

Accounting, Auditing and Accountability Journal, 2003, vol. 16, no1, 2003.

Recent research by E*Know-Net partners (2) has reported a worrying ambivalence to information on intangibles among European equity analysts and loan officers. For an example, see the following articles in this edition of the journal:

'The relevance of intellectual capital disclosure: A paradox?', by Per Bukh

'Intellectual Capital and Capital Markets: The Circulability of Intellectual Capital', by Jan Mouritsen.

'Why are capital market actors ambivalent to information about certain

indicators on intellectual capital?', by Ulf Johanson

'Factors explaining the inefficient valuation of intangibles', by Manuel García-Ayuso